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C O N F I D E N T I A L SECTION 01 OF 03 UNVIE VIENNA 000138

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SUBJECT: CONTACTS NOTE POSITIVE IRANIAN REACTION TO OBAMA
SPEECH, ENCOURAGE ENGAGEMENT

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Classified By: Ambassador Gregory L. Schulte for reasons 1.4 (c) and (e)
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¶1. (C) Summary. Vienna contacts at local newspapers and UNODC on March 24 and 25 reported a positive Iranian response to the President's Nowruz message and argued that it provides a good basis for engagement with Iran. The journalists noted that the message was a break from the last administration's Iran policy that would be welcome in Tehran. The contacts also discussed Iranian politics and possible U.S. moves that could spur engagement, including the establishment of a U.S. Interests Section in Tehran charged with extending visas and cultural exchanges and the possibility of a November "conference" between hostages and hostage takers that could include exchanges of apologies for deep-seated hostility that exists between the two countries. UNODC Technical Cooperation Section Chief Roberto Arbitrio argued that the upcoming Iranian presidential elections would be less democratic than previous elections and that the Supreme Leader would more strongly influence the outcome, largely based on his expectations for engagement which would develop over the coming months. End Summary.

Nowruz Message Positive, Brings Soltanieh Near Tears

¶2. (C) Mission contacts who meet frequently with Iranians in Austria reported a generally positive reaction to the President's Nowruz message. According to the Iranian contacts of UNODC Technical Cooperation Section Chief Roberto Arbitrio who recently returned from four and a half years in Tehran, the reactions of the Iranian population living in Iran were very positive, "despite the Supreme Leader's response." He reported on March 25 that Iranian Ambassador Soltanieh was "almost in tears" upon watching the video message, and other contacts told him that the Supreme Leader's statement provided an opening. Arbitrio argued based on these conversations that Khamenei might be interested in an "understanding" with the U.S. based on elements previewed in the President's message such as dropping the concept of regime change and a recognition of the identity of Iran. Arbitrio thought that the message successfully addressed Iranian culture and identity.

¶3. (C) At an Ambassador-hosted lunch on March 24, journalists from Die Presse and Kurier gave their reactions to the message. Both journalists travel frequently to the region, including Iran, though they haven't been back to Iran in about a year. Kurier journalist Livia Klingl was upset that the U.S. President is "supporting Ahmadinejad," which she thinks this message inadvertently does. However, she was glad to see a policy change from the U.S. She thought the two significant changes in the speech that were reflective of changes in U.S. policy were 1) that it does not pick a combative stance with the Supreme Leader or regime more

generally, and 2) reaching out with the goal of talking to Iran directly.

14. (C) Die Presse journalist Thomas Seifert disagreed that the message supported Ahmadinejad and noted that, if you want to deal with Iran, you need to deal with Iran as it is now. There is no telling who will win the election. He also thought it was positive that the message expressed a U.S. acknowledgement that it cannot affect the June elections and because it picked a "neutral holiday" for the message. From his optic, the Supreme Leader follows a lot of cultural issues and much of what he sees in Western culture makes him nervous—he is trying to avoid the "Westoxification" of Iran. In order to make strides with Iran, the U.S. image needs to improve in his eyes and the eyes of other prominent Iranians. Seifert thought that the current President has the potential to change this image of the U.S., and the tone and warmth of the Nowruz message was an important step in the right direction. He said his Iranian contacts loved the Saadi quote, noting that "everyone loves Saadi." He also noted that he saw no negative reaction from the Iranians expats in Austria that he has contact with. The only negative reaction mentioned was that Iranians that lean toward the nationalist camp were disappointed that POTUS did not apologize for the U.S. overthrow of Mossadeq.

Iran Showing Interest in Cooperation, Dialogue

15. (C) In response to questions by the Ambassador and Msnoff, Arbitrio discussed his perceptions of the leadership in Iran and likelihood that Iran will pursue engagement with the U.S. He noted that the Iranian approach to engagement is based on the fact that the regime derives from a revolution,

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but the spirit of the revolution has essentially disappeared because Iranian youth do not remember the revolution and the principals do not resonate with them. It is hard to explain the revolution to a young population that has access to international media which leads them to question whether, as the regime claims, the Iranian system is the best in the world. This more open-minded culture clashes with the more traditional, clan-based culture in Iran which is based on Islam and the extended family. He noted a constant back and forth between these two components of the Iranian population.

For instance, when Khatami was president, he tried to change the system from within, moving the focus from power based on Islam to a system more strongly based on the constitution. Arbitrio argued that Ahmadinejad has boosted the power of the Supreme Leader because he is closely linked to the Islamic Revolutionary Guard Corps (IRGC) and has revamped the revolutionary spirit in Iran through his anti-U.S. and anti-Israel statements, noting that a revolution is meaningless without an enemy.

16. (C) Arbitrio argued that the Iranian leadership approaches engagement with the U.S. with a double agenda, as Iran approaches all cooperation. The leadership is still worried about the possibility of war with the U.S., in part because it could spark an internal process that questions the fundamental tenets of the revolution. He also noted that Iran's ties to and support of Hizballah, insurgents in Afghanistan, and the Iraqi Shia is designed both to extend Iran's influence and to create a strong bargaining position for negotiations with the U.S. Iran wants to be recognized as a power that can stabilize OR destabilize the region.

Possible Openings for Engagement

17. (C) Seifert argued that if the U.S. wants to improve its relationship with Iran, the best thing would be to wait for the November anniversary of the U.S. Embassy takeover and

"do something big," such as send former President Carter and the U.S. hostages to a neutral spot to meet Iranian hostage takers in order to exchange apologies. He noted that he knows that at least three hostage takers regret their actions and at least one more would apologize for the event. Klingl thought that the U.S. would need to apologize for the overthrow of Mossadeq.

18. (C) Seifert also believes that opening a U.S. Mission in Tehran would be a step that benefits both sides, even if it focused first on visas and cultural exchanges. He noted that the Austrian cultural center in Tehran is very popular and thought U.S. activities would find an even better response since Iranians prefer the U.S. to Europe. However, it would take "people-to-people" contacts to reassure Iran that these activities were not a threat. Seifert also believed that the U.S. and Iran have common ground on the MEK in contrast to European policy, which is constantly under attack by Iran. Seifert's Iranian interlocutors do not understand the legal reasons why the MEK has been taken off of the list of terrorist groups and believe there is a political reason behind the delisting.

19. (C) Klingl argued that engagement benefits the IRGC because it controls so much of the economy. Thus, the IRGC and bazaaris would be the biggest beneficiaries of better relations with the U.S. However, Seifert countered that the IRGC also is the main smuggler of sanctioned goods. Thus, if relations with the U.S. improve, the IRGC will lose this source of significant revenue. Klingl noted that many average Iranians want support for human rights in Iran and that clear U.S. backing of human rights would gain the U.S. friends among the Iranian population. The population finds that the West cares about enrichment, but cares less about human rights. Klingl recently wrote an article about human rights in Iran which garnered the strongest reaction she has experienced yet from the Iranian embassy in Vienna. They chastised her for only mentioning the Kurdish population and not all the "good" in Iran. Klingl also reported on a previous visit to Bushehr where she stayed on the nuclear compound. She noted that it looked like a ruin, not a reactor under construction, and that one "could tell" that only the poorest workers from the former Soviet Union were working on the project. She was worried about the possible shoddy construction of the reactor and possible environmental implications of poor Russian construction.

Near-Term U.S. Actions Matter

110. (C) Arbitrio argued that the upcoming Iranian

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elections will be less democratic than previous elections, and the next president is likely to be chosen based on a strategic decision by Khamenei about the direction he would like to go with U.S. engagement. Khamenei is following U.S. rhetoric and the Iran policy review closely, he contended, and these U.S. moves will strongly influence Khamenei's thinking on his choice for the next Iranian president. If the U.S. continues statements like the Nowruz message that showed respect for Iran and distanced the administration from regime change, Khamenei might be more receptive to engagement based on dialogue and might "pick" a president that can support dialogue with the U.S. (which, he argued, would not be Ahmadinejad). However, if engagement seems to be "going nowhere," the Supreme Leader might support Ahmadinejad. Arbitrio shared his opinion that a backchannel message needs to be sent to the Iranian leadership that Washington does not care about the political stripes of the next Iranian president, but we need someone that we can talk to. It is clear to Arbitrio that "no one" in the international community can talk to Ahmadinejad given his rhetoric about the Holocaust and wiping Israel off the map. He also noted that all speeches or "moves" by President Obama have had

nearly immediate reactions from Iran, often from Khamenei.

¶11. (C) In response to a question about whether Iran really believes that the U.S. is supporting Jundallah in eastern Iran, Arbitrio noted that Head of Iran's Drug Headquarters and Law Enforcement Forces Moghadam believes that Jundallah is both a terrorist and drug trafficking organization and that it is trying to link up with al Qa'ida, thus far unsuccessfully. In discussions with Arbitrio, Moghadam has not directly accused any state of backing Jundallah but "hints at" outside sponsorship when he says that Jundallah is trying to destabilize Iran, which is what Iran accuses the U.S. of doing.

SCHULTE